

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2018-318-E

In the Matter of:)	
)	DIRECT TESTIMONY OF
Application of Duke Energy Progress, LLC)	KODWO GHARTEY-TAGOE
for Adjustments in Electric Rate Schedules)	FOR DUKE ENERGY
and Tariffs)	PROGRESS, LLC

I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION**
2 **WITH DUKE ENERGY CORPORATION.**

3 A. My name is Kodwo Ghartey-Tagoe, and my business address is 40 West
4 Broad Street, Greenville, South Carolina 29601. I am State President – South
5 Carolina for Duke Energy Progress, LLC (“DE Progress” or “Company”) and
6 Duke Energy Carolinas, LLC (“DE Carolinas”), both of which are wholly
7 owned subsidiaries of Duke Energy Corporation (“Duke Energy”).

8 **Q. BRIEFLY SUMMARIZE YOUR EDUCATIONAL BACKGROUND**
9 **AND PROFESSIONAL AFFILIATIONS.**

10 A. I earned my Juris Doctor degree from Duke University and a Bachelor of Arts
11 degree, with joint honors in economics and finance, from McGill University
12 in Montreal, Quebec. I also completed the Advanced Management Program at
13 the Wharton School of Business. I am admitted to the North Carolina Bar. I
14 serve on the Board of Directors of the United Way of Greenville County and
15 the Palmetto Conservation Foundation, and on the board of visitors of Duke
16 University Law School. I am also on the advisory board of Progress in
17 Education, Inc., a charitable and educational organization I helped found in
18 2000 to assist schools in Ghana to improve their quality of instruction, and to
19 promote cross-cultural understanding between students in Ghana and students
20 in America.

1 **Q. PLEASE DESCRIBE YOUR BUSINESS BACKGROUND AND**
2 **EXPERIENCE.**

3 A. I have been in my current position since January 2017. Prior to that I served as
4 senior vice president of state and federal regulatory legal support for Duke
5 Energy. I joined the Company in 2002 as chief regulatory counsel for Duke
6 Power. I have served as vice president, legal, for Duke Energy's Commercial
7 Businesses organization, and was responsible for providing legal advice to the
8 Company's commercial businesses, including Duke Energy International,
9 Duke Energy Renewables, Midwest Commercial Generation and Commercial
10 Transmission. I also served as Duke Energy's general counsel for litigation,
11 as well as vice president, legal – state regulation for Duke Energy's
12 Franchised Electric and Gas business. Before joining the Company, I was a
13 partner with McGuire Woods LLP in Richmond, Virginia.

14 **Q. WHAT ARE YOUR RESPONSIBILITIES IN YOUR CURRENT**
15 **POSITION?**

16 A. I lead Duke Energy's regulated electric utility businesses in South Carolina,
17 which include serving approximately 170,000 DE Progress electric customers
18 in South Carolina. I am responsible for the financial performance of the
19 Company's electric utility in South Carolina and managing state and local
20 regulatory and governmental relations, and community affairs. I also have
21 responsibility for advancing the Company's legislative and regulatory
22 initiatives related to its electric operations.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE**
2 **COMMISSION?**

3 A. Yes. On July 23 2018, I testified before the Commission on behalf of DE
4 Progress and DE Carolinas in an allowable exparte proceeding in Docket No.
5 ND-2018-19-E on the management of Duke Energy hydroelectric projects.

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7 A. The purpose of my testimony is to provide an overview of DE Progress'
8 requested rate increase in support of the Company's Application in this case.
9 In my testimony, I explain the primary cost drivers making up this requested
10 rate increase, as well as the steps we have taken to minimize DE Progress'
11 cost to provide safe, reliable, cost-effective and increasingly clean electricity
12 to our customers, including work related to environmental requirements. I
13 explain how we are improving our grid in a manner to better our customers'
14 lives and the economy of our State. Finally, I describe how the requested rate
15 increase will allow the Company to remain a financially strong utility that is
16 well positioned in financial markets to the benefit of our customers.

17 **Q. WHO ARE THE OTHER WITNESSES PRESENTING TESTIMONY IN**
18 **SUPPORT OF THE COMPANY'S APPLICATION IN THIS**
19 **PROCEEDING?**

20 A. The Company's other witnesses filing direct testimony in support of this case
21 are:

22 1. **Laura A. Bateman**, Director of Rates & Regulatory Planning, who
23 describes the results of DE Progress' operations under present rates on

1 the basis of an adjusted historical Test Period (twelve months ending
2 December 31, 2017). Witness Bateman details the calculation of the
3 additional revenue required as a result of the investments and general
4 cost increases since the last DE Progress Rate Case and discusses
5 several pro forma adjustments to the test year operating expenses and
6 to the end of year actual rate base. Witness Bateman also explains the
7 calculations for various accounting order requests the Company makes
8 in its Application. Further, Witness Bateman provides the capital
9 structure and embedded cost of debt used by the Company in
10 calculating its proposed increase. Finally, Witness Bateman explains
11 the proposal the Company is making regarding an excess deferred
12 income taxes ("EDIT") rider and cost recovery related to grid
13 investments.

14 2. **Kelvin Henderson**, Senior Vice President of Nuclear Operations for
15 Duke Energy, who provides an update on capital additions in recent
16 years, as well as key drivers impacting nuclear operations and
17 maintenance ("O&M") costs. Witness Henderson also discusses the
18 operational performance of DE Progress' nuclear generation fleet
19 during the January 1, 2017 through December 31, 2017 Test Period.

20 3. **John Sullivan**, Director of Corporate Finance and Assistant Treasurer,
21 who addresses the Company's financial objectives, proposed capital
22 structure and cost of capital. Witness Sullivan also discusses the
23 current credit ratings and forecasted capital needs of the Company and

1 the importance of DE Progress' continued ability to meet its financial
2 objectives.

3 4. **David L. Doss Jr.**, Director of Electric Utilities and Infrastructure
4 Accounting, who describes the financial position of DE Progress at
5 December 31, 2017, and the actual results of the Company's
6 operations for the Test Period. He also addresses depreciation
7 expense, adjustments to the depreciation rates based on the recently
8 approved depreciation study, and nuclear decommissioning costs.

9 5. **Janice Hager**, President of Janice Hager Consulting. Witness Hager
10 supports the allocation of Company electric operating revenues and
11 expenses, and original cost rate base assigned to the South Carolina
12 retail jurisdiction and to each customer class.

13 6. **Robert B. Hevert**, Partner of ScottMadden, Inc., who presents his
14 independent analysis of the Company's cost of equity. Witness Hevert
15 discusses the Company's requested capital structure and makes a
16 recommendation for an allowed return on equity ("ROE") to allow the
17 Company to both attract capital on reasonable terms and maintain
18 financial strength.

19 7. **John Panizza**, Director of Tax Operations, who addresses federal tax
20 reform legislation, the Tax Cuts and Jobs Act (the "Tax Act"), which
21 became law on December 22, 2017.

22 8. **Retha Hunsicker**, Vice President of Customer Connect-Solutions for
23 Duke Energy. Witness Hunsicker discusses the Company's Customer

1 Information Systems (“CIS”) and explains why it is necessary to
2 convert that CIS into a modern customer service platform, known as
3 Customer Connect.

4 9. **Jon F. Kerin**, Vice President, Coal Combustion Products Operations,
5 Maintenance and Governance, who describes DE Progress’ ash basin
6 closure and compliance costs and plans, and the activities underlying
7 the costs sought for recovery in this case.

8 10. **Dr. Julius (Chip) Wright, Ph.D.**, Managing Partner, J. A. Wright &
9 Associates, LLC, will testify to ratemaking policy and regulatory
10 approaches to the recovery of prudently incurred environmental
11 compliance costs.

12 11. **Kendra Ward**, Rates & Regulatory Strategy Manager with Duke
13 Energy, who supports the base fuel factor for base rates for all
14 customer classes for DE Progress.

15 12. **Joseph A. Miller Jr.**, Vice President of Central Services, who provides
16 an update on the Company’s fossil, hydroelectric and solar
17 (collectively, “Fossil/Hydro/Solar”) facilities included for recovery in
18 this case. Witness Miller describes capital additions made in recent
19 years and capital investments planned for the upcoming years and key
20 drivers impacting O&M costs. Witness Miller also discusses the
21 operational performance of the Company’s Fossil/Hydro/Solar fleet
22 during the Test Period.

1 13. **Jay W. Oliver**, General Manager, Grid Solutions Engineering and
2 Technology, who discusses the Company's transmission and
3 distribution ("T&D") system, the operation and performance of the
4 T&D system and the costs necessary to operate, maintain and improve
5 upon it, including providing detail on major grid investment initiatives,
6 and the underlying investments to be recovered through the
7 Company's Grid Improvement Plan.

8 14. **Steven B. Wheeler**, Pricing & Regulatory Solutions Director, who will
9 demonstrate that the rates DE Progress proposes reflect appropriate
10 ratemaking principles, and result in an equitable basis for recovery of
11 the Company's revenue requirement across and within its various rate
12 schedules. Witness Wheeler also describes proposed changes to the
13 Company's retail electric schedules and quantifies the effect of these
14 changes to retail customers.

15 15. **Donald L. Schneider, Jr.**, General Manager, Advanced Metering
16 Infrastructure ("AMI") Program Management, who describes the
17 Company's progress in deploying AMI technology across its South
18 Carolina service territory.

19 **II. SUMMARY OF REQUEST**

20 **Q. WHY IS DE PROGRESS PROPOSING A BASE RATE ADJUSTMENT?**

21 A. Recent work to modernize the electric system, generate cleaner power,
22 responsibly manage and close our coal ash basins, and continually improve
23 service to customers have made it necessary for DE Progress to request a net

1 increase in its retail revenues of approximately \$59 million on June 1, 2019,
2 which represents an approximate overall 10.3 percent increase in annual
3 revenues. The Company is also presenting a three-year plan known as the
4 South Carolina Grid Improvement Plan, which I believe will effectively serve
5 customers now and in the years ahead. The Company's Application requests
6 that the Commission approve the Grid Improvement Plan and expenditures for
7 the next three years as detailed in Exhibit 9 to Witness Oliver's testimony. If
8 approved, additional rate changes related to the Grid Improvement Plan would
9 result in cost recovery of approximately \$5.1 million beginning June 1, 2020
10 and \$5.8 million beginning June 1, 2021.

11 Major investments in generating plant additions and plant-related
12 expenses, investments in the grid and metering systems, changes in
13 depreciation rates as well as a new billing system, account for a significant
14 portion of this case. Additionally, since its last rate case, DE Progress has
15 invested heavily in state-of-the-art technology and environmental equipment
16 to reduce emissions. The Company's request also contains compliance costs
17 associated with state and federal environmental compliance requirements
18 related to Coal Combustion Residuals ("CCR"). The requested increase
19 includes the benefits of the federal Tax Act, and our filing today details our plans
20 to continue to pass on related tax benefits to our customers such that it will
21 continue to help apply downward rate pressure for the benefit of our customers.

22 This increase is necessary to pay for investments to build a cleaner, more
23 reliable and smarter energy future in South Carolina. Our investments include

1 the roll out of new meters that align with a new customer information system to
2 give customers more information and service options; including the new Prepaid
3 Advantage Pilot program to allow DE Progress customers to avail themselves of
4 a prepayment plan that can eliminate the need for deposits. Additional customer
5 focused changes include eliminating the need for our residential customers to
6 pay a fee every time they use a credit or a debit card to make a payment, by
7 including the amount of the fees in our cost of service and collecting them in
8 rates.

9 Further, this case includes grid investments being made by the Company
10 to improve and modernize our operations for the benefit of customers. The
11 unique nature of these investments is why DE Progress is proposing the Grid
12 Improvement Plan, and is why we are seeking corresponding rate changes to
13 recover the cost of the three-year plan, as discussed by Witnesses Bateman,
14 Oliver and Wheeler.

15 These smart investments in technology, infrastructure, environmental
16 protection and customer service will help connect customers to a cleaner, more
17 reliable, smarter energy future. At Duke Energy, we know how vital electricity
18 is to our customers and their families, as well as our state. Customers expect the
19 Company to deliver electricity that is safe, reliable, affordable and increasingly
20 clean, while also making smart investments that help communities and local
21 economies thrive, create jobs and opportunities, and that provide more value
22 every day.

1 We are providing customers with increasingly clean energy from state-
2 of-the-art carbon-free nuclear plants and new, highly-efficient natural gas and
3 utility-scale solar energy projects. In fact, nearly half of the electricity we
4 generated in the Carolinas last year came from carbon-free resources,
5 including hydro-electric facilities. Powering the lives of South Carolina's
6 hard-working families and communities is the most important job we have.
7 Our more than 4,000 dedicated Duke Energy employees who live and work
8 every day in communities across our state— in good weather and bad – and the
9 thousands more out of state employees who support our service in South
10 Carolina, take this responsibility seriously. Smart investments in technology,
11 infrastructure and environmental protection will help connect millions of our
12 customers to a better energy future.

13 **Q. IF APPROVED, WHAT WOULD BE THE IMPACT OF THE**
14 **COMPANY'S REQUESTED INCREASE TO THE TYPICAL**
15 **RESIDENTIAL CUSTOMER CONSUMING 1000 KWHS PER**
16 **MONTH?**

17 A. The requested revenue increase of \$59 million on June 1, 2019, followed by
18 incremental increases to reflect additional grid investments in 2020 and 2021,
19 would result in the following increases by DE Progress' rate classes: (1) a
20 typical residential customer using 1,000 kWh will see an increase of
21 approximately \$17.91 per month beginning with the rate effective date in this
22 case, requested to be June 1, 2019, and then an increase of \$1.60 per month
23 beginning June 1, 2020 and an additional \$1.81 per month beginning June 1,

1 2021; (2) small general customers, on average, will see a 14.5 percent increase
2 on June 1, 2019, and then an increase of 1.5 percent per month beginning June
3 1, 2020 and an additional 1.7 percent increase per month beginning June 1,
4 2021; (3) medium general service customers, on average, will see a 6.7
5 percent increase on June 1, 2019, and then an increase of 0.5 percent increase
6 per month beginning June 1, 2020 and an additional 0.6 percent increase per
7 month beginning June 1, 2021; (4) large general service customers, on
8 average, will see an 9.6 percent increase on June 1, 2019, and then an
9 increase of 0.4 percent per month beginning June 1, 2020 and an additional
10 0.4 percent increase per month beginning June 1, 2021; and (5) lighting
11 customers, on average, will see a 6.3 percent increase on June 1, 2019, then an
12 increase of 1.0 percent per month beginning June 1, 2020 and an additional
13 1.2 percent increase per month beginning June 1, 2021. More details can be
14 found in the testimony of Witness Wheeler.

15 DE Progress is also proposing, supported by costs to serve, an increase
16 in the Residential Basic Facilities Charge from \$9.06 to \$29.00 per month
17 effective June 1, 2019. This means that customers would be paying
18 approximately \$0.95 cents per day for facilities in place to serve them,
19 regardless of how much electricity is used. The increase in the Residential
20 Customer Charge is not additive to the rate increase requested in this case.
21 Rather, the proposed change is a more accurate reflection of how the
22 Company collects its costs. The Company proposes to collect fixed cost
23 through the fixed monthly charge based on the cost to serve instead of

1 continuing to collect it through the variable, volumetric energy rate. We took
2 this approach because current rates significantly understate the current cost of
3 service related to the customer component of cost. In addition, the Company's
4 requested fixed monthly charge is comparable to the fixed monthly charge
5 established by many other electricity providers in the State. Witnesses
6 Wheeler and Hager explain this in further detail in their testimony.

7 **III. BASE RATE REQUEST**

8 **Q. PLEASE PROVIDE MORE DETAIL ABOUT THE INVESTMENTS**
9 **DRIVING THE COMPANY'S REQUESTED 10.3 PERCENT**
10 **OVERALL ADJUSTMENT TO ANNUAL REVENUES.**

11 A. Since DE Progress' last rate case filed and concluded in 2016 ("2016 Rate
12 Case"), we have continued to invest in our facilities, equipment and
13 operations to better serve our customers. For example, since the conclusion of
14 the 2016 Rate Case, DE Progress has made significant investments in
15 numerous nuclear, fossil, hydro and solar projects, helping to provide
16 customers with energy that is more reliable, efficient and cleaner than ever.

17 In July 2017, the Company placed into service the two new
18 combustion turbines ("CT") for the Sutton Combined Cycle generation. The
19 Sutton CT project provides an additional 78 MWs of capacity to the
20 Company's fleet. The Company's investment in this project totaled \$101
21 million. These units are critical components of the ability to restart the
22 generation system in the event of a catastrophic storm or event and provide
23 offsite power to Brunswick Nuclear Station. In addition, DE Progress also

1 made capital additions at Roxboro Station to convert to a dry bottom ash
2 system to comply with federal requirements related to CCR. The Company's
3 investment in this project totaled \$100 million. These investments will
4 provide benefits to DE Progress' customers for decades to come, as discussed
5 by Witness Miller.

6 DE Progress also seeks to recover costs incurred and deferred since
7 July 1, 2016 through December 31, 2018 to comply with federal and state
8 requirements related to CCRs. To mitigate rate impacts to customers, we
9 request to recover these previously incurred expenses over a five year period
10 resulting in a revenue requirement of approximately \$13 million.¹ This case
11 also includes the amortization of regulatory assets over time related to smart
12 meters;² the new Customer Connect system;³ grid investments;⁴ rate changes
13 from the most recent depreciation study;⁵ the Harris Combined Operating
14 License Application;⁶ compliance with NRC requirements in response to
15 cybersecurity requirements and events at the Fukushima Daiichi Nuclear
16 Power Station in Japan⁷; and the deferred costs associated with the filing of
17 notices of application and withdrawal, along with other utilities in the state, to
18 form a Regional Transmission Organization.⁸ Witness Bateman provides
19 detail regarding these deferral balances and the requested amortization.

¹ This case excludes any fines or penalties incurred by DE Progress related to ash basin closure or management.

² Docket 2018-205-E, Order No. 2018-553 (August 9, 2018).

³ Id.

⁴ Docket 2018-206-E, Order No. 2018-519 (October 3, 2018).

⁵ Docket 2018-205-E, Order No. 2018-553 (August 9, 2018).

⁶ Docket No. 2013-472-E, Order No. 2016-36 (January 20, 2016).

⁷ Id.

⁸ Docket 2001-139-E.

1 **Q. HAS THE IMPACT OF THE TAX ACT BEEN INCORPORATED INTO**
2 **THE COMPANY’S REQUEST?**

3 A. Yes. The proposed rates include a reduction from the corporate income tax
4 rate from 35 percent to 21 percent. The Company also includes a proposal to
5 flow back to customers, through a rider, excess deferred income taxes
6 (“EDIT”) and deferred revenue resulting from the Tax Act on utility
7 operations. The Company’s plan ensures that as customers benefit from the
8 Tax Act, the Company is able to maintain the same financial strength it had
9 prior to the Tax Act’s passage. Finally, the Tax Act balances applied in this
10 case include an offset to the balance accrued for Distributed Energy Program
11 (“DERP”) costs that have yet to be recovered. The balances have grown to
12 \$13 million as of September 30, 2018, as provided by Witness Bateman.
13 Given the benefits from the Tax Act, we thought it was reasonable to go ahead
14 and eliminate those balances as the State explores additional options for
15 rooftop solar. Otherwise it could be 15 years by the time we resolve those
16 balances through existing channels.

17 The Company is also proposing rates be set on a return on equity
18 (“ROE”) of 10.50 percent. As described in Witness Sullivan’s testimony,
19 while the Company fully supports Witness Hevert’s testimony and analysis
20 that yielded a recommended ROE of 10.75 as filed in this case, the Company
21 is proposing rates which include a 10.50 percent ROE as a rate mitigation
22 measure. We have also proposed rates on a regulated capital structure that
23 includes a 53 percent equity component as supported by Witness Sullivan.

1 **Q. PLEASE DESCRIBE THE NEED TO ADDRESS COAL ASH BASINS.**

2 A. For decades, along with other electric utilities across the country, DE
3 Progress followed industry practices managing and storing coal ash consistent
4 with regulations that evolved throughout that time. DE Progress has become
5 subject to both federal and state regulations that require it to take additional
6 significant actions to manage and permanently and safely close its ash basins
7 in ways that protect human health and the environment. In April 2015, the
8 Environmental Protection Agency promulgated new rules regarding the
9 management and closure of ash basins. All of DE Progress's ash basins must
10 be closed under these rules. Like other utilities around the country similarly
11 affected by such regulation, the Company has begun the process of closing, or
12 submitting plans to close, our ash basins in accordance with these regulations.
13 Additionally, the Company is adding dry ash and Flue Gas Desulfurization
14 blowdown handling systems to our coal-fired plants that are not already so
15 equipped. DE Progress is also modifying all of active and decommissioned
16 coal-fired plants in the Carolinas to divert storm water and low volume waste
17 water away from the basins. These activities went through an initial review in
18 the 2016 Rate Case.

19 As explained by Witness Bateman, the Company is requesting
20 recovery of ash compliance costs in the amount of approximately \$50 million
21 over five years. These costs were incurred after the cutoff date in the last rate
22 case, June 30, 2016, through the cut-off in this case, December 31, 2018, with
23 the October 1, 2018 – December 31, 2018 period still based on a projection as

1 of the time of the filing. The Company is seeking recovery of these costs over
2 a five-year period in order to mitigate customer rate impacts associated with
3 these significant compliance expenses. The Company expects to continue to
4 invest significant amounts related to coal ash compliance after the December
5 2018 cut-off in this case. However, instead of requesting recovery of an
6 ongoing level of these costs in this case, the Company is requesting the
7 Commission approve a continuation of the deferral for costs incurred beyond
8 this case.

9 Witness Kerin provides significant detail on the prudence of the
10 Company's actions regarding ash basin creation, management and closure,
11 and he is the Company's subject matter expert in this area. Witness Wright
12 further speaks to the Company's actions related to coal ash and the regulatory
13 policy surrounding cost recovery. However, it's worth mentioning that for
14 decades, the Company has worked to provide electricity that is reliable, is
15 delivered using the best practices and latest technologies at the time, and is
16 available at reasonable rates. And for decades, reliable, affordable electricity
17 was made possible—nationwide—by coal. In its day, coal was king. It fueled
18 both a growing economy and population, along with demands for electricity
19 across South Carolina, meeting the energy needs of communities from the
20 mountains to the coast. It was the most advanced technology of its time.

21 With coal came coal ash – the byproduct of decades of generating
22 electricity from this resource. In the early days, the best practice in the
23 industry was to let coal ash simply go out the top of the smokestack. Later,

1 changing regulations and industry best practices led to the use of emissions
2 control equipment and ash basins to dispose of coal ash, often in a pond-like
3 environment. Today, instead of being handled wet and stored in ponds, coal
4 ash is increasingly being handled dry and disposed of in lined landfills, or
5 beneficially recycled for use in construction products or as fill material in
6 place of dirt. In fact, Duke Energy recycled 78 percent of coal combustion
7 byproducts in 2107, and that includes DE Progress recycling or beneficially
8 re-using the ash that is produced at our coal-fired plants. We have retired all
9 of the coal-fired plants owned by Duke Energy in South Carolina. And now,
10 we are closing all ash basins across the state as part of new, sweeping state
11 and federal regulations, and as part of Duke Energy's commitment to provide
12 increasingly reliable, clean power to our customers at reasonable rates. Like
13 any waste, we must ensure that coal ash is responsibly managed, just as we
14 have done with spent nuclear fuel.

15 As we transition to a cleaner energy future by leveraging new
16 technology and cleaner power sources, we must remember the many benefits
17 coal energy provided over the last several decades. Because our customers
18 have benefited from coal-produced electricity, the cost of responsibly
19 managing waste from consuming coal for electricity must also be borne by our
20 customers. This is an investment to help close out the coal era and push
21 forward to a new, cleaner energy future.

1 **Q. PLEASE DESCRIBE THE COMPANY’S GRID IMPROVEMENT**
2 **PLAN.**

3 A. From routine, day-to-day activities to powering high-tech manufacturing, the
4 electric power grid is the backbone of South Carolina’s digital economy; – not
5 just today, but also 5, 10, 20 years in the future. As recent events have
6 reinforced, the Company must be ready for severe weather before it strikes,
7 and reduce the impact of storms that are worsening in frequency and intensity.
8 DE Progress must be vigilant and prepare now for the very real threat of cyber
9 and physical attacks. DE Progress also needs to provide more options for
10 customers to allow more control over the way they use electricity. And as
11 renewable energy technologies like solar energy, battery storage, micro-grids
12 and electric vehicles become more affordable and accessible; the Company
13 needs to take steps now to ready the grid to support the growth of these
14 technologies that are important to South Carolina’s energy future.

15 The Company’s Grid Improvement Plan addresses all of these needs,
16 while also managing costs. This Grid Improvement Plan was built using
17 advanced data analytics that helped identify strategic opportunities for
18 improvement. It also incorporates extensive input from customers, customer
19 and environmental advocacy groups and others who helped to refine this plan
20 to better serve their energy needs and the needs of our state. The Grid
21 Improvement Plan includes investments designed to strengthen the grid and
22 mitigate the impact of major storm events, as well as to harden and defend the
23 grid against critical physical and cybersecurity risks. Examples of the

1 Company's multi-layered improvements designed to protect the grid include:
2 updating grid technology including monitoring and communication
3 equipment; installing protective devices to limit access to critical systems and
4 minimize outages from physical or cyber-attack; and relocating, raising or
5 reinforcing equipment in flood-prone areas.

6 As discussed in the testimony of Witness Oliver, components of Duke
7 Energy's Grid Improvement Plan operationally fall into one of three
8 categories: (1) compliance-driven programs that protect the grid; (2) programs
9 that leverage advanced technologies to modernize the grid; and (3) projects
10 and programs that work to optimize customers' experience. We constructed
11 the Grid Improvement Plan, with stakeholder feedback, to address the risks
12 and opportunities that the analysis revealed. The Plan seeks to balance the
13 pace, scope, location, and timing of our work to address a diverse set of
14 customer and stakeholder needs. As we built the Grid Improvement Plan
15 proposed in this case, the Company has also kept the needs of our rural and
16 low-income customers in mind and sought to develop a strategy that
17 maximizes benefits to customers and the state, while keeping costs as low as
18 possible. The Company has sought out customer and stakeholder
19 perspectives, including multiple stakeholder workshops, as part of the process
20 before proposing this plan to the Commission.

1 **Q. PLEASE DESCRIBE THE INVESTMENT IN THE CUSTOMER**
2 **INFORMATION SYSTEM (“CIS”)?**

3 A. At 30 years old, the Company’s current CIS system is no longer supported or
4 upgradeable, and is unable to continue to be fully integrated into Duke
5 Energy’s other systems. The new system will be complementary to future
6 technology, and includes the ability to interface with new smart meters to
7 enable customers to more easily start and stop service, ask questions about
8 their bills, view their usage, and allow the Company to identify the optimal
9 rate plan for each customer when asked. Customers expect greater access to
10 information about their account and energy use, and greater control over that
11 information. Through the consolidation of the older information systems into
12 a new information system, the Company will be able to deliver a customer
13 experience that will simplify, strengthen and advance our ability to serve our
14 customers in this digital age.

15 As explained by Witness Hunsicker, continued investment in an
16 antiquated technology platform is neither practical nor sustainable, and would
17 cost considerably more in the long run than replacing the system in its
18 entirety. Customer information systems, just like any other software solution,
19 periodically require replacement to deliver on capabilities required by
20 business operations, and more importantly, customers.

21 **Q. PLEASE DESCRIBE THE CONTINUED INVESTMENT IN AMI.**

22 A. To bring customers additional choices and insight on their usage, we have
23 begun a full roll-out of AMI technology, including smart meters, in the service

1 territory in South Carolina. As explained by Witness Schneider, these smart
2 meters will work in tandem with many of our grid investments. Moreover,
3 modern meters will also provide crucial information to our CIS system,
4 providing customers greater control, convenience and choice over their energy
5 usage, while also giving customers the opportunity to budget, save time and
6 save money. DE Progress has approximately 38,000 smart meters currently
7 installed, and the next phases of deployment will replace approximately
8 128,000 older technology meters with smart meters by the end of 2020. These
9 meters for South Carolinians are being manufactured by South Carolinians
10 employed by Itron Inc. in Oconee County, South Carolina. The AMI
11 technology will pave the way for programs that will allow customers to stay
12 better informed during outages, control their due dates, avoid deposits, to be
13 reconnected faster, and to better understand and take control of their energy
14 usage, and ultimately, their bills.

15 **Q. PLEASE EXPLAIN THE COMPANY'S PROPOSAL FOR A FEE-FREE**
16 **CREDIT/DEBIT CARD PROGRAM.**

17 A. Currently, customer payments made by check, cash, free pay stations, and
18 Automated Clearing House, using bank drafts or paperless billing, are free of
19 charge. The costs for the Company to offer these methods are paid for by all
20 customers and not recovered exclusively by those specific customers that use
21 that method of payment. Residential customers using a credit or debit card
22 through any payment channel or a one-time ACH payment via phone or on the
23 Company's website are subject to a \$1.50 convenience fee. The convenience

1 fee is collected by the Company's third-party vendor, SpeedPay. The
2 Company receives no portion of this fee.

3 As customer expectations change and more payments are done
4 electronically, utility companies are beginning to offer fee-free payment
5 programs for their residential customers for all methods of payment. As
6 supported by the National Association of State Utility Consumer Advocates
7 (NASUCA) in Resolution 2012-07, "Urging Utilities to Eliminate
8 'Convenience Fees' for Paying Utility Bills with Debit and Credit Cards and
9 Urging Appropriate State Regulatory Oversight,"⁹ and as further explained
10 below, the Company believes it is reasonable to offer a fee-free payment
11 program for all payment methods to its residential customers, and recover the
12 costs associated with such a program from all customers through rates. The
13 requirement to pay a convenience fee when making a payment is one of the
14 largest frustrations customers experience. Customers have grown accustomed
15 to paying for other products and services with a credit card or debit card
16 without a separate, additional fee. Duke Energy Corporation has seen 10
17 percent average year over year growth in credit/debit card transactions over
18 the past several years, and with this change we expect the growth rate to
19 double – so 20 percent more transactions in 2019 than in 2018. Eliminating
20 these fees for the Company's residential customers would provide additional
21 options for residential customers to pay their bills. As discussed in the

⁹ <https://nasuca.org/2012-07-urging-utilities-to-eliminate-convenience-fees-for-paying-utility-bills-with-debit-and-credit-cards-and-urging-appropriate-state-regulatory-oversight/>

1 NASUCA Resolution 2012-07, additional fees for paying utility bills can be
2 burdensome to customers.

3 We also know that our customers want this option. The Company's
4 Customer Service department routinely receives inquiries about no-cost
5 electronic payment options. In the Company's 2018 Monthly Residential
6 Transaction Surveys, residential customers noted some of the following when
7 asked what they liked least about Duke Energy:

8 *"Not charge a fee for using a credit card."*

9 *"The fact that you can't pay online without being charged. Everybody*
10 *else has a free service to pay online."*

11
12 *"Take away the service charge. I just don't understand why you want*
13 *to charge somebody \$1.50."*

14
15 *"The only thing that I can say is I think they want to penalize you. If*
16 *you want to pay a certain way, they charge you extra."*
17

18 We think our customers will appreciate being able to use credit cards with the
19 Company the same way they can with other companies.

20 **Q. IS THE COMPANY PROPOSING A FEE-FREE CREDIT/DEBIT**
21 **CARD PROGRAM FOR ITS COMMERCIAL AND INDUSTRIAL**
22 **CUSTOMERS AT THIS TIME?**

23 A. Not at this time. Because commercial and industrial customers generally have
24 more methods in which to pay, and their average payment amount is
25 significantly higher than residential (which leads to higher processing costs),
26 at this time the Company is not proposing a fee-free program for commercial
27 and industrial customers.

Q. CAN YOU PUT DE PROGRESS' RATES INTO PERSPECTIVE?

A. Yes. First, we believe that electricity in South Carolina remains an excellent value, even with the proposed adjustment.

Over the past year, gas prices, a basic consumer good is up 3.5 percent.

However, the cost of electricity in the Southeast has dropped 2.6 percent from September 2017 to September 2018. Electricity provides fundamental value to our daily life by powering appliances, heating and cooling homes, cooking food, and allows us to use our televisions, computers, charging devices such as tablets and smartphones and other devices that are now a common part of our everyday lives. Even with the rate adjustment, our customers will continue to pay competitive rates.

Q. IS THE COMPANY PROACTIVELY EDUCATING CUSTOMERS ABOUT ITS PROPOSALS IN THIS CASE?

A. Yes. DE Progress is committed to being transparent and keeping customers informed about the costs included in their bills and proposals to adjust rates. The Company has engaged in Grid Workshops to describe and help shape our Grid Improvement Plan, and we regularly publicly communicate about our environmental compliance work. We have also been very transparent about our investments to build a smarter energy future for our customers powered by cleaner, more efficient energy sources such as highly efficient natural gas, carbon-free nuclear energy, renewable resources like hydroelectric generation and solar energy.

1 Now that the Company's request has been filed, DE Progress will
2 utilize a section of the Duke Energy website to include videos, fact sheets and
3 direct information about the components of this case. In addition to the
4 website, the Company has and will continue to inform and educate our
5 customer as well as those community facing employees who interact with our
6 customers about this request.

7 **Q. HAS THE COMPANY CONTINUED ITS ONGOING EFFORTS TO**
8 **MITIGATE CUSTOMER RATE IMPACTS?**

9 A. Yes. The Company relies on a variety of fuel sources to generate power and
10 has prudently managed its operating costs. This fuel diversity allows DE
11 Progress to choose how to generate electricity – day by day, hour by hour –
12 based on the cost of the fuel needed to run its different plants. DE Progress
13 has managed its costs through continuous improvement to its operations
14 (thereby benefitting customers through efficiency-derived controlled costs) as
15 well as through significant cost containment policies and activities.

16 The Company is also committed to performance excellence, and has
17 been recognized for it and the cost savings it brings. For example, in 2017, the
18 DE Progress' nuclear fleet achieved the second highest output in history,
19 falling just below the record established in 2014. The Harris station
20 established a new generation record during 2017, and Brunswick completed
21 its longest dual-unit continuous run. Also, as explained by Witness Henderson,
22 I'm proud that Duke Energy has been recognized by the Nuclear Energy
23 Institute ("NEI") with three Top Industry Practice ("TIP") awards in 2017;

1 Utilization of FLEX Equipment, Core Shroud Inspections, and Procurement
2 Engineering Prioritization. The FLEX Equipment award recognizes the
3 Company for innovative use of FLEX equipment to improve safety and
4 reduce outage durations. The Core Shroud Inspection award recognizes
5 innovation in inspection methods that are expected to save \$1.8M through
6 2020, and the award related to Procurement Engineering Prioritization
7 recognizes the Company's development of a computer application that
8 enhances work schedule achievement and ensures materials are available
9 when needed.

10 **Q. WHAT OTHER INITIATIVES HAS THE COMPANY IMPLEMENTED**
11 **TO HELP ITS CUSTOMERS REDUCE THEIR ELECTRICITY**
12 **BILLS?**

13 A. Duke Energy wants to help customers understand their energy use,
14 empowering them to save money on their electric bill. DE Progress is
15 continuing to expand and enhance its portfolio of demand-side management
16 ("DSM") and energy efficiency ("EE") programs because these programs
17 have proven to be one of the most effective means to reduce energy costs,
18 offset the need for new power plants, and protect the environment. DE
19 Progress' robust portfolio of EE programs is designed to provide offerings that
20 engage and educate customers around their energy usage and efficiency, as
21 well as empower customers by providing them with financial incentives to
22 invest in efficiency improvements. Duke Energy offers customers more than a
23 dozen energy-saving programs for every type of energy user and budget. The

1 Company's EE programs currently save its customers in the Carolinas over
2 1.7 billion kWh annually or over \$170 million, which is about four percent of
3 total retail kWh sales. Combined, its DSM and EE programs offset capacity
4 requirements by the equivalent of over four power plants. The Company's
5 growing portfolio of DSM programs further offers customers opportunities to
6 lower their bills by providing them with financial incentives in exchange for
7 shifting the timing of their electricity use from peak to nonpeak periods,
8 thereby helping the Company to reduce fuel costs during the periods when
9 energy costs the most to produce.

10 The Neighborhood Energy Saver Program is a residential EE program
11 targeted at low-income customers that includes the direct installation of a
12 number of EE measures. DE Progress has implemented the program utilizing
13 a neighborhood engagement, door-to-door strategy. Through the program, a
14 comprehensive package of EE measures is installed at no direct cost to the
15 customer. Since its inception, we've helped more than 8,700 DE Progress
16 customers in South Carolina save nearly 319,000 kWh each year. This means
17 the average household could save more than \$45 per year on energy costs.
18 Equally important, each participating household is given information and
19 education along with EE tips and information about other programs that can
20 help them reduce their bills.

1 **Q. ARE THERE PROGRAMS IN PLACE TO OFFER FINANCIAL**
2 **ASSISTANCE TO YOUR CUSTOMERS?**

3 A. Yes. We know that for many customers, any savings on their power bill can
4 make a big difference in their monthly budget. The Energy Neighbor Fund is
5 an assistance program for DE Progress customers in need, helping low-
6 income individuals and families cover home energy bills. Eligibility is
7 determined by the county Department of Social Service (DSS) agencies. The
8 Energy Neighbor Fund program is funded by contributions from customers,
9 employees, and the Duke Energy Foundation. DE Progress customers are
10 able to add a one-time or recurring contribution to their bills. Over the life of
11 the Energy Neighbor Fund program it has provided approximately \$3.2
12 million to DE Progress' South Carolina customers. We have also made it
13 easier for assistance agencies to make commitments to help financially
14 challenged customers with their bills through use of our agency portal.

15 The Company also offers optional bill management programs designed
16 to assist eligible customers in either managing fluctuations in their monthly
17 bill or who are having difficulty paying their entire bill by the due date.

18 **Q. WHAT OTHER COMPANY EFFORTS ARE UNDERWAY TO ASSIST**
19 **CUSTOMERS WITH THEIR ABILITY TO PAY?**

20 A. Duke Energy is committed to helping all customers keep their accounts and
21 their service in good standing. Often, simply spreading energy costs equally
22 over time can help customers manage their costs and pay their bills. Payment
23 plans are important not only to low-income customers, but to other residential

1 customers who may have had to adjust their household budgets. DE Progress’
2 Equal Payment Plan allows customers to spread out the impacts of seasonal
3 fluctuations into twelve equal monthly payments. The Company also offers
4 payment arrangements in South Carolina to customers unable to pay their bill
5 by the past due date. Payment arrangements can help customers avoid
6 interruption of service and help them re-establish control over their payments
7 and their bill. We continue to look for additional ways to help customers
8 manage their payments.

9 The Company has also developed and implemented programs other
10 programs including a free customized home energy report to inform and assist
11 with lowering customers’ consumption through energy efficiency. Home
12 Energy House Call is a free in-home energy assessment, valued at \$180 that
13 provides customers living in single family homes with information about their
14 unique energy use and steps they can implement to become more energy
15 efficient. DE Progress’s Residential Multi-family Energy Efficiency Program
16 ensures that customers living in multi-family residences also have
17 opportunities to save by providing multi-family residents with electric water
18 heaters. These EE measures are provided at no direct cost to the customer and
19 are installed by the Company. Also, the Home Energy Improvement Program
20 helps customers offset the high upfront cost of making energy-efficiency
21 upgrades to their homes, with incentives for a variety of energy-saving
22 investments.

1 In addition, the High Bill Alerts program was implemented for DE
2 Progress customers in South Carolina. The program proactively notifies
3 customers via email when their forecasted electricity consumption cost for
4 their next bill is 30 percent or \$30 higher than their previous month's bill.
5 Finally, the Company offers a Lower My Bill Toolkit, which in five easy steps
6 helps the customer track their energy usage and reduce energy costs.

7 **Q. HOW HAS THE COMPANY FOCUSED ON DELIVERING**
8 **EXCELLENT CUSTOMER SERVICE?**

9 A. We are working every day to explore new ways to enhance the customer
10 experience. Customer satisfaction ("CSAT") is a key focus area for DE
11 Progress. The Company operates a robust CSAT program, which includes
12 both national benchmarking studies and proprietary transaction and
13 relationship CSAT studies. Results from these studies are analyzed in vigorous
14 quarterly data review sessions, with findings driving improvements to
15 processes, technology and behaviors – all in an effort to continuously improve
16 CSAT. The 2018 J.D. Power's Electric Utility Residential Study ranked DE
17 Progress in the top quartile for performance in all categories (Power Quality
18 and Reliability, Price, Billing and Payment, Corporate Citizenship,
19 Communications, and Customer Service).

20 DE Progress measures overall customer satisfaction and perceptions
21 about the Company in our proprietary relationship study, the "Customer
22 Perceptions Tracker." Feedback is requested from residential and
23 small/medium business customers, and all large business electric customers,

1 to better understand their customer experience with Duke Energy and overall
2 perceptions of the Company. Duke Energy SC Residential satisfaction scores
3 peaked in 2016 to 86 percent highly satisfied customers.

4 In addition to our relationship study, DE Progress utilizes Fastrack, the
5 Company's proprietary transaction study, to measure overall customer
6 satisfaction with our operational performance (i.e. responding to and resolving
7 customer service requests.) Each year, thousands of interviews are conducted
8 with our customers by a third-party research supplier upon the completion of
9 the customer's service request. The survey questions cover the entire
10 experience, from the time the customer picks up the phone to contact the
11 Company, until the issue is resolved and the truck drives away from the
12 customer's property. Analysis of these ratings helps to identify specific
13 service strengths and opportunities that drive overall satisfaction and to
14 provide guidance for the implementation of process and performance
15 improvement efforts. Through mid-2018, roughly 87 percent of DE Progress
16 residential customers expressed high levels of satisfaction with the following
17 service interactions: Start/Transfer Service (89 percent), Outage/Restoration
18 (89 percent), and Street Light Repair (83 percent).

19 Also, in 2017, 'Customer Satisfaction' continued as one of a select
20 number of goals included in the annual incentive compensation plans for DE
21 Progress employees. By connecting customer satisfaction directly to
22 compensation, each employee is "invested" in improving and maintaining
23 high customer satisfaction for all Duke Energy utilities, including DE

1 Progress. Results are monitored at the enterprise level, state level, and by
2 customer segment, so problems can be identified and corrected. This also
3 allows the Company to identify and apply best practices across all of our
4 jurisdictions.

5 We also continue to enhance our customer service practices to address
6 language, cultural and disability barriers. Among other accommodations, the
7 Company's customer service center offers customer service and
8 correspondence in Spanish, handles calls from TTY devices (text telephones),
9 offers bills in Braille, and accepts pledges to pay from social service agencies.

10 **V. ECONOMIC DEVELOPMENT AND EDUCATION EFFORTS**

11 **Q. DOES DE PROGRESS VIEW ECONOMIC DEVELOPMENT AS A**
12 **VITAL PART OF ITS BUSINESS?**

13 A. Yes. Making smart investments in energy infrastructure can help to attract
14 business and industry, bring good jobs to the state, and promote smart growth
15 and economic prosperity across South Carolina. It takes investment to
16 provide the reliability our customers expect – investment in power plants,
17 poles and wires, substations and meters. But all of that investment provides
18 critical infrastructure that supports businesses and jobs, schools and
19 universities, stores and the products consumers purchase, and a foundation to
20 ensure the future remains bright for communities across the State. Over the
21 last century, Duke Energy has invested millions of dollars into local
22 economies across the state. When a new power plant is built or transmission
23 line constructed, it creates jobs and results in money spent at the local level

1 while creating a tax base that supports local infrastructure and services.
2 Economic development efforts are critical to retaining and growing the
3 industrial base and manufacturing load so that the state can experience
4 continued job growth and economic success. This helps keep electric rates
5 competitive and mitigates rate increases by enabling costs to be spread across
6 a larger customer base.

7 **Q. PLEASE DESCRIBE THE COMPANY'S ECONOMIC**
8 **DEVELOPMENT EFFORTS IN SOUTH CAROLINA.**

9 A. DE Progress has an Economic Development team responsible for retaining
10 and supporting expansion opportunities for existing customers while also
11 targeting potential new customers and supporting efforts to recruit them to the
12 service area. In addition to coordinating with, or participating in, statewide or
13 community task forces or initiatives, the team works with businesses on site
14 selection and expansion opportunities. Since 2013, 17 sites in DE Progress'
15 South Carolina service territory, totaling over 5,257 acres, participated in
16 Duke Energy's Site Readiness Program, which is intended to identify, assess,
17 improve and increase awareness of industrial sites in the Carolinas, and can
18 result in matching grants from the Company of up to \$10,000 to implement
19 improvements to viable sites. Currently there is one major project constructed
20 on a site that went through the program, resulting in over 60 jobs and over \$57
21 million in capital investment.

22 The Company's ongoing Carolinas Investment Fund also provides
23 support for projects in the Carolinas service area aimed at recruiting new

1 industry, retaining existing jobs, and expanding existing customer operations,
2 by partnering with state or local economic development organizations to
3 provide appropriate incentives. These projects typically include site or
4 building development and related infrastructure or other site preparation
5 requirements. The grants from the Carolinas Investment Fund serve as
6 important discretionary supplements to incentives offered by the state or local
7 entities. To qualify for the grants the recipient must create certain numbers of
8 new jobs or make capital investments, subject to minimum dollar amounts.
9 Since 2013, DE Progress has contributed to the creation of more than 1,416
10 jobs in South Carolina and \$789.7 million in capital investments.

11 Much of this effort has been aimed at encouraging new industrial
12 investments. We believe a healthy industrial base is good for all of our
13 customers. As new manufacturing businesses are established and existing
14 manufacturing businesses expand, they typically create a significant multiplier
15 effect that directly and indirectly produces additional jobs and investments.
16 However, our efforts for economic development are not focused solely on
17 industrial customers.

18 Training and recruiting a highly skilled workforce is also essential to
19 maintaining the competitiveness of our region. Over the last three years Duke
20 Energy has invested almost \$500,000 to support the development, promotion,
21 and delivery of workforce training programs through South Carolina's
22 Technical and Community Colleges. We are confident that our sustained
23 economic development efforts will continue to provide positive results here in

1 South Carolina and benefit customers by keeping rates competitive over the
2 long term through an increased customer base served by our plant investment.

3 **VI. POWERING THE FUTURE**

4 **Q. DO THE FUTURE PLANS OF THE COMPANY SUPPORT THE**
5 **ECONOMIC DEVELOPMENT PROSPECTS IN SOUTH CAROLINA?**

6 A. Yes. Our infrastructure and CIS investments will help power the future in
7 South Carolina, not only for the economy as a whole, but the manner in
8 which our customers will consume, monitor and manage their electricity
9 consumption. While we have come a long way in modernizing our generation
10 systems, we now need to focus similarly on our grid, metering and
11 information technology systems. These investments are important for us to
12 continue reliably serving customers. I discuss these investments below. While
13 all of these investments are not included in this case, it's important to share
14 our vision of a smarter energy future.

15 **Q. PLEASE DESCRIBE HOW THE COMPANY WILL BUILD A**
16 **SMARTER ENERGY FUTURE.**

17 A. The grid is the backbone of the new digital economy. South Carolina is served
18 through a multi-state electric system that 6,300 miles of transmission lines,
19 more than 25,000 miles of underground distribution lines, and approximately
20 500 substations. For the DE Progress' distribution system, approximately
21 1,200 distribution line miles and 8,398 transformers were added over the last
22 two years. As one of the fastest growing states in the nation, South Carolina's

1 population now tops 5 million and we are projecting over 400,000 more, or a
2 9 percent increase by the year 2030. That's creating real demands on our grid.

3 The Grid Improvement Plan proposed in this case is a long-term
4 initiative, and the Company has provided its multi-year plan built upon
5 strategic, data-driven investments to improve reliability to avoid outages and
6 speed restoration; harden the grid to protect against cyber and physical threats;
7 expand solar and other innovative technologies across a two-way, smart-
8 thinking grid; and give customers more options and control over their energy
9 use and tools to save money. The Company proposes additional rate changes
10 in 2020 and 2021 to reflect the remaining years of the multi-year plan, with
11 costs captured in a regulatory asset for recovery between rate changes.

12 Not only does Duke Energy employ thousands of workers in the State,
13 it also supports an extensive local supply chain that extends to virtually every
14 county in South Carolina. In addition, the Grid Improvement Plan that Duke
15 Energy has recently committed to in South Carolina will not only add to the
16 economy of South Carolina, it will help to avert economic losses that result
17 from unplanned outages. We commissioned economic research prepared by
18 Joseph C Von Nessen, Ph.D. "The Economic Impact of Duke Energy: A
19 Statewide and Regional Analysis"¹⁰ that indicates the following: (1) The
20 annual economic impact of Duke Energy on the state of South Carolina totals
21 approximately \$6.6 billion. This figure reflects the dollar value representing
22 all final goods and services produced in South Carolina that can be attributed
23 (either directly or indirectly) to Duke Energy. This impact corresponds to

¹⁰ http://www.resh.com/Von_Nessen_Duke_SC_EIS_Nov2018_FDa.pdf

1 15,189 jobs and \$969.4 million in labor income that would not exist
2 otherwise. (2) This \$6.6 billion impact extends to every county in South
3 Carolina, with the highest impacts occurring in the counties of York (\$1.1
4 billion), Oconee (\$1.1 billion), Greenville (\$838.3 million), Darlington
5 (\$756.8 million), and Spartanburg (\$686.4 million). The magnitude of the
6 Grid Improvement Plan on South Carolina's economy is roughly equivalent to
7 a new major automotive manufacturing plant locating in the State.

8 **VII. CONCLUSION**

9 **Q. WHAT IS THE KEY OBJECTIVE OF THE COMPANY'S**
10 **REQUESTED GENERAL RATE ADJUSTMENT?**

11 A. The Company's most important objective is to continue providing safe,
12 reliable, affordable, and increasingly clean electricity to our customers with
13 high quality customer service, both today and in the future. Our request for a
14 rate increase is made to support investments that benefit our customers while
15 preserving the Company's financial position. We strive to ensure that those
16 investments are made in a cost-effective manner that retains the level of
17 service and competitive rates for our customers.

18 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

19 A. Yes.